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December 28, 1986

Mr. John McMahon
Lockheed Missiles and Space Corp.
1111 Lockheed Way
Sunnyvale, CA 94089

Dear Mr. McMahon:

Thanks for your courtesy in calling the other day. I can understand your avoiding the "calumnists" (as Charles Evans Hughes used to say), and sympathize.

I enclose a copy of my hurried, and cursorily-edited (not by me) piece, for what it's worth.

I won't "bug" you further (in the Berkeleyan, not the Washingtonian, sense), but would like to note that I consider myself an historian, not a journalist, that my interest in these things extends beyond brouhahas of the moment. If you should ever feel inclined to have that little chat, I'm practically around the corner.

Best regards,

Richard Smith

Richard Smith

Los Angeles Times

Sunday, December 28, 1986

# For CIA: To Find the Right Wise Man

**By Richard Harris Smith**

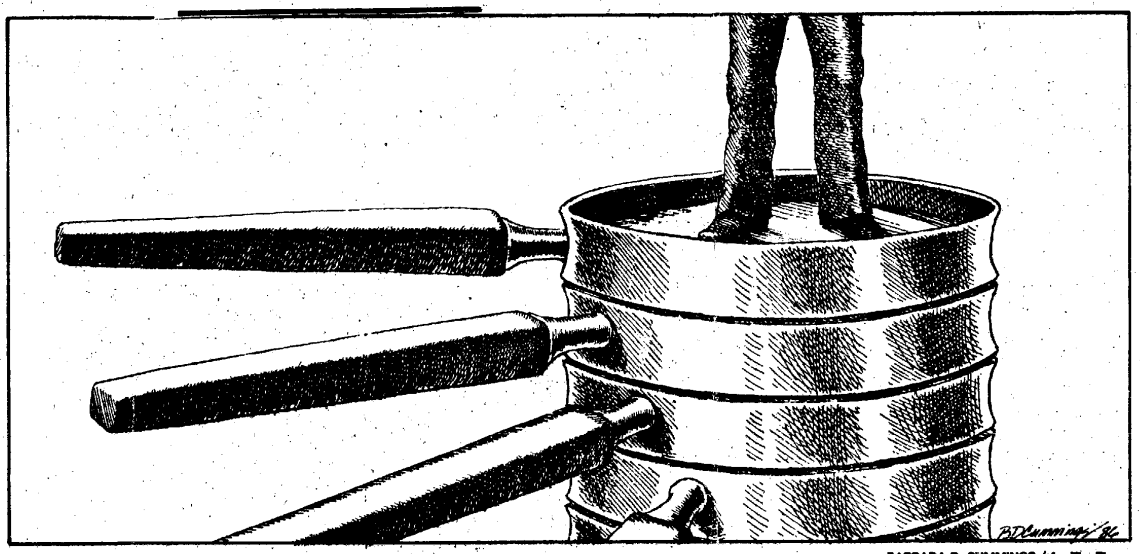
BERKELEY

It "will be hard," Gen. Dwight D. Eisenhower predicted in 1947, to "find exactly the right man." Testifying on Capitol Hill about a prospective director for the new Central Intelligence Agency, Ike showed foresight. Over the next 40 years, 10 CIA directors have given seven Presidents cause to wonder: Where was the right man?

The eighth postwar President, Ronald Reagan, has not joined in the lament, showing unswerving faith in his choice of William J. Casey as the 11th director of Central Intelligence—a more absolute confidence than Eisenhower felt when, after winning the White House, he put the CIA in the hands of Allen Welsh Dulles, widely acclaimed wartime "spy-master," seasoned diplomat, international lawyer and, conveniently, brother of Secretary of State John Foster Dulles. While Eisenhower recognized Dulles' "strange kind of genius" for waging the most hush-hush campaigns of the "secret war," he also saw and resigned himself to deficiencies in managerial skill and even occasional lapses in good judgment—curious departures from an otherwise uncanny intuition about world affairs. Not exactly the right man, but close enough for the next President, Democrat John F. Kennedy, to reappoint the Republican Dulles, an aging legend with whom he felt little rapport. This gave Dulles his Pyrrhic victory: Honored with the longest term in office of any CIA director, and then forced to resign in the haunting aftermath of the Bay of Pigs.

Whether or not Dulles' latest successor will also leave office under a cloud, Casey's eventual departure will certainly mark the end of a CIA era, the last hurrah of a generation of U.S. intelligence officers. While Dulles was a senior hero of the wartime Office of Strategic Services, Casey was one of its *enfants terribles*, both men having first enlisted in secret service when espionage agents parachuted from airplanes with radio transmitters strapped to their backs, when Gestapo sadists were the stereotypical enemy and ends justified almost any means.

Like his predecessor, Casey also reads voraciously, is a student (and writer) of history and has worked successfully in the law, politics, diplomacy and high finance. A "tougher nut" than the congenial Dulles, Casey is more adept at bureaucratic infighting, and better suited to administering his own vast bureaucracy, evolved from Dulles' close-knit "band of brothers." And where Dulles and Eisenhower settled into a comfortable relationship based on mutual respect, Casey has a close friend in the Oval Office. That well-known friendship guarantees a certain prestige to a battered agency that offers its people much stress and little glory. But the Casey-Reagan connection also points up a distinction between the directorships of the 1950s and '80s. Dulles had influence in Washington because he was admired, respected, even loved, as a man and sage-like public servant; Casey commands respect in the Capitol primarily because he has political clout. Whatever the final verdict on Casey's geopolitical judgment, no discriminating observers



BARBARA D. CUMMINGS / for The Times

*Richard Harris Smith, author of "The OSS" (UC Press), is currently working on a biography of Allen Dulles.*

# CIA: Let the Search for Wisdom Begin

will commend him as others commended Dulles in a less cynical decade, saying he was a wise man.

Dulles would have appreciated the epitaph. When, in 1947, he offered Congress his own notion about the desirable qualities of future CIA directors, he stressed that the agency should be led by a man of "judicial temperament" who displayed "discriminating judgment" and "common sense" which "can only come of long experience and profound knowledge" and constant vigilance against the "human frailty of intellectual stubbornness." A spy-master? Maybe. But above all, a wise man.

This, of course, was all too philosophical and abstract for power-conscious Washington, where interested parties fastened instead, on Dulles' strong prescription for a civilian director, preferably with expertise in secret intelligence work. If, in a pinch, a military officer were appointed, he should, said Dulles, "divest himself of military rank," and "take the cloth" of the intelligence service. The religious analogy—from a Presbyterian pastor's son—seemed appropriate to an agency dominated by a clandestine corps of operational officers who began, during the Cold War, to see themselves as warrior-priests, a select secret fraternity that blackballed "outsiders."

Until Watergate, the conventional wisdom of CIA professionals was that the best directors were civilian insiders, like Dulles and Richard M. Helms, another OSS alumnus. The favorite whipping-boy of the pros was a military outsider, Adm. William F. Raborn, who headed the agency for one year of the Johnson Administration, while the popular and ambitious Helms waited in the wings as his deputy. One of many tall tales about the hapless Raborn involves a staff

Please see CIA, Page 6

Continued from Page 1

meeting when the director ordered his operational men to find a Soviet admiral who would defect to the West "in the next six months." The silence was broken by some brave soul who tactfully explained that this would be extremely difficult, because you see, sir, that would make the Russian a traitor to *his* country." Raborn reportedly received that explanation as profound and enlightening.

Jimmy Carter's CIA chief, Adm. Stansfield Turner, has since proven that the Navy can produce capable—if not brilliant or beloved—directors. Millionaire businessman John A. McCone, chosen by Kennedy to replace Dulles, put the lie to the professionals' mythology that intelligence work is beyond the comprehension of the uninitiated. Hours after demanding to be told, "Exactly what is a double agent?" the newly appointed McCone went into conference with Gen. Reinhard Gehlen, West German spy-master. McCone discussed a double-agent case with such facility that Gehlen, an intelligence veteran since Nazi days, would never have guessed his American opposite to be an absolute novice in the business of espionage.

Finally, post-Watergate Director William E. Colby, still another careerist of OSS antecedence, shattered the last illusion of agency professionals: An "insider" could do no wrong. Choosing to save his agency from political damnation by selectively washing some old dirty linen—like assassination plots—in public, Colby brought upon himself such violent criticism by some old boys [illegible] as if he had defected to Moscow.

What Colby recognized is that the CIA director's task has become a difficult political balancing act between democracy and secret service, between Congress and the presidency, with the agency itself, a complex and mature institution, playing a somewhat inscrutable role—not always responsive to the whims of its director, whether he be insider, outsider or, like Casey, something in between. Among the many questions of "Contragate" is whether Casey was the man who kept the secrets, or the man from whom the secrets were kept.

After Casey's departure it will be harder than ever to find the right man—with the necessary technical grasp, administrative know-how and political sensitivity. But it will be absolutely impossible to find such a director who will also meet Dulles' standards for wisdom and wizardry.

Gen. Walter Bedell Smith, President Harry S. Truman's director during the Korean War, complained that, among his problems, the American people expected him to be "on a communing level with God and Joe Stalin." With all the demands on the CIA today, lofty and judicious wisdom about the world is too much to expect of any director. Even experienced civilians like Dulles and Casey fall prey to the official delusion that troubles all secret bureaucracies, or, at best, find themselves caught up in the stresses of day-to-day crises.

A solution? There ought to be a man of wisdom who can look out on the world—and down on the mundane, often sleazy workings of the intelligence community—a wise man who can be placed on that height by the stroke of a presidential pen. Now is the time to appoint a director general of intelligence service, a pretentious title reserved for someone of unquestioned integrity and experience, of the caliber of a U.S. Supreme Court justice. The director general should have a long tenure, command broad bipartisan political respect and be free of all administrative responsibility. Such men are to be found, though they will hardly be lured into public service if they face grueling congressional inquisition.

Consider the irony that we more readily find respected special prosecutors to probe the doings of men in high position than equally respected men to fill those positions. If we must be cynically convinced that no man who seeks office is pure enough to hold office, then let us search for our director general among the philosophers rather than the movers and shakers. It will, or course, be hard to find exactly the right man. But for the [illegible] of keeping the peace in this very violent world, let the search begin. □

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NEW YORK TIMES
12 December 1986

# ORDER TO BYPASS CONGRESS ON IRAN CALLED C.I.A. IDEA

By STEPHEN ENGELBERG
Special to The New York Times

WASHINGTON, Dec. 11 — Government officials said today that the Central Intelligence Agency originally proposed the idea of keeping the Iran arms sale secret from Congress. They said the agency took the unusual step in the first draft of what became a Presidential order guiding the program.

The decision not to tell Congress was a crucial step in the Iran affair, according to Administration officials, because it meant that the entire operation had to be run outside normal channels.

The issue of what one official termed an "off the books" covert action has become significant because the Defense Department and the State Department were largely kept in the dark about the program, and even C.I.A. officials have testified to Congress that they knew little about the details.

### C.I.A. Contingency Fund

One result of keeping the matter from Congress was that the agency's multimillion-dollar contingency fund could not be used to underwrite the arms. The C.I.A. is barred by law from spending any money not appropriated by Congress.

The Iran arms sales were financed by Adnan M. Khashoggi, a Saudi arms dealer, who in turn raised money from a network of private investors in Canada and the Cayman Islands, according to testimony in Congress by C.I.A. officials.

William J. Casey, the Director of Central Intelligence, also said today that he became suspicious last October that money from the Iran arms sales may have been diverted to Nicaraguan rebels after a conversation with Roy Furmark, an oilman and former business associate who was a marginal participant in the deal.

### Testimony to House Panel

In testimony Wednesday before the House Foreign Affairs Committee, Mr. Casey said he had been ordered by President Reagan not to tell the Congressional intelligence committees or leaders about the plan to sell arms to Iran, House members said.

That statement is accurate but incomplete, according to current and former Government officials familiar with the drafting of the Presidential order of last Jan. 17.

These officials said the first draft of the order, or finding, was written by Stanley Sporkin, then the C.I.A.'s general counsel and now a Federal judge.

It specified that Congress not be told about the arms shipments. A second draft, rewritten by White House officials, did call for notification of Congress, officials said. The final draft, sent to the President for his decision, was also written by Mr. Sporkin, and it combined the two versions, giving the President several options.

With the support of C.I.A. officials, according to officials familiar with the preparation of the finding, Mr. Reagan chose to keep the operation secret from Congress.

The deliberations over the finding were restricted to a handful of people, Administration officials said. One intelligence source, for example, said there were indications that the C.I.A.'s No. 2 official at the time, John N. McMahon, believed that the agency had opposed from the beginning the idea of not notifying Congress.

The finding's order that Congress be bypassed is likely to have a profound effect on future relations between Capitol Hill and the agency. The two intelligence panels, formed in the aftermath of the C.I.A. abuses of the 1970's, are likely to become much more aggressive in their oversight of the intelligence agencies, according to several lawmakers.

"The relationship that we thought existed does not exist," a Congressional aide said. "We thought we had gotten past the point of having to ask exactly the right question to get the right answer. We haven't. The real lasting damage from this thing will be what it does to the oversight process."

The Presidential finding attributes the failure to notify Congress to the "extreme sensitivity" and "security risks." Administration officials have said it was believed that such an operation could not be told to the Congressional committees and some staff members without the risk of disclosures to the public.

they were carrying missile parts, not drilling equipment, Mr. Casey told the committee. It is unclear whether anyone then warned the agency. In any event, the flight went ahead, and the agency was told within days by Southern that it had been used to ferry weapons to Iran.

Asked by the committee whether Colonel North had lied to the C.I.A., Mr. Casey was said to have replied, "Maybe he made a mistake."

Under the law, the President has three options with a covert program. He can tell both Congressional committees. In rare instances, he can brief eight legislators: the chairmen and ranking members of the intelligence committees and the leaders of the House and the Senate. The law also mentions the possibility of not telling Congress, but says the President must then disclose the operation in a "timely fashion."

Mr. Sporkin was said by a former Administration official to have cited the preamble to the intelligence oversight act, which says notification is required as long as it is consistent with the President's constitutional powers, such as the prerogative to conduct foreign policy. Mr. Sporkin, this official said, viewed that language as a "loophole" put in by Congress to allow certain sensitive operations without notification.

Several members of the Senate Intelligence Committee, including William S. Cohen, Republican of Maine, have said the panel will be looking at "tightening" the law on notifying Congress.

Some legislators have speculated that the operation was kept from them because it would have faced universal opposition. The President is not required to gain Congressional approval for covert activity, but has dropped or modified programs that are opposed by Congress.

### Money for Nicaraguan Rebels

Another explanation being examined by some in Congress is that the Iran arms program could have been intended from its inception to funnel money to the Nicaraguan rebels or other causes, and thus was kept from Congress.

Senator Patrick J. Leahy of Vermont, the vice chairman of the Senate Intelligence Committee, has repeatedly assailed the Administration for refusing to tell Congress about a program that was being shared with "our new friends in Teheran."

Continued

Robert C. McFarlane, the national security adviser until Dec. 4, 1985, said in a speech today, "The deliberate planning for engaging the Congress was part of the concept from its first moments until I left government, and I believe that is an important part of any policy proposal if you intend to sustain it."

A House member who has studied the classified testimony on the Iran program said today that he believed "the normal authorities of the C.I.A. were transferred to the National Security Council." He added, "The N.S.C. ran the operation, which allowed C.I.A., State and Defense to stay within the restraints of the law."

The C.I.A.'s decision to seek a Presidential finding arose in late 1985, after the agency became involved in assisting Israeli shipping of weapons to Iran.

**Role of Colonel North**

Lieut. Col. Oliver L. North, the White House aide who was dismissed last month, asked the agency to help ship oil-drilling parts to Iran, Mr. Casey told the committee. The request, according to Government officials, was approved by a mid-level employee.

Colonel North was told to call Southern Air Transport, the Miami-based concern that was once a C.I.A. proprietary and has figured prominently in the private network to aid the Nicaraguan rebels, House members said. Southern said it had a plane in Europe and was able to arrange the flight.

When the equipment was loaded onto the plane, the handlers noticed that

# C.I.A. SAID TO TELL PANEL THAT NORTH MISLED IT ON ARMS

By STEPHEN ENGELBERG
Special to The New York Times

WASHINGTON, Dec. 12 — The Central Intelligence Agency has told Congress that Lieut. Col. Oliver L. North persuaded the agency to help in a 1985 arms shipment to Iran by giving a middle-level employee misleading information about what was being sent, according to people familiar with the Congressional investigation.

Some investigators and members of the Congressional intelligence committees were said to be skeptical about the account and suspect that the C.I.A. could have known the shipment contained arms for Iran.

### C.I.A. Role in 1985 Delivery

The issue is important because the C.I.A. assisted in the arms delivery in November 1985, more than two months before President Reagan authorized the agency's participation in covert arms deliveries to Iran. Members of Congress have been trying to determine whether the C.I.A. violated the law by assisting the covert shipment without formal authorization.

There were also these developments today:

¶President Reagan rejected appeals from Republican members of Congress that he oust additional senior officials from his Administration in connection with the diversion of funds from the Iranian arms sales to the Nicaraguan rebels. Mr. Reagan also denied again that he had prior knowledge of the diversion.

¶The President declined to convene a special session of Congress to examine the matter, as requested by the Senate majority leader, Bob Dole, Republican of Kansas.

¶A high-ranking Israeli official was said to have won President Reagan's approval to ship 500 antitank missiles to Iran in 1985 by telling him that Israel believed the action would lead to the freeing of all the Americans then held hostage.

¶Colonel North appears to have worked closely with a network of former intelligence agents and arms dealers run by Maj. Gen. Richard V. Secord, a retired Air Force officer, and his Iranian business partner.

According to the C.I.A.'s account, Colonel North called the agency over a weekend with a request that it help arrange for delivery of oil-drilling equipment to Iran. The middle-level employee agreed to help, and then called an air freight company with direct ties to the C.I.A. He told this company to cooperate with the shipment, which went from Israel to Iran, according to people familiar with the agency's account.

### A Reliable Air Freight Company

Several officials said that Israel was having problems at the time finding a reliable air freight company that could make deliveries to Iran.

If the C.I.A.'s account can be verified, it would be a vivid illustration of how Colonel North used his position as a Presidential aide to force the bureaucracy to cooperate with White House-supported covert activities.

Several Admininstration officials noted that Colonel North wielded significant authority in his post on the staff of the National Security Council. "You people in the media have got to stop referring to him as just a lieutenant colonel," said one Administration official. "He was a White House aide involved in the most sensitive possible operations who would scream at generals to get things moving."

### Statement by Casey

William J. Casey, the Director of Central Intelligence, initially told Congress that his deputy, John N. McMahon, had authorized the agency's participation in the 1985 shipments by Israel to Iran. But he later corrected that testimony, saying he had "mispoke" himself.

Mr. McMahon was said by associates to have been angered by Mr. Casey's assertion, and he told Congress subsequently that the shipment had been made without his permission.

But Congressional investigators were said to be continuing to examine the agency's account. One avenue of inquiry, they said, was evidence that the agency was aware of the Israeli shipments to Iran through its own intelligence-gathering in the Middle East.

This raises the question of whether more senior agency officials could have had reason to believe that the shipment of oil drilling parts was in fact a shipment of weapons.

According to the agency's testimony to Congress, Mr. McMahon learned after the fact that the flight had ferried weapons to Iran. He was said by one Administration official to have gone to the White House and insisted that President Reagan make a formal "finding," or intelligence order authorizing the covert shipments.

The officials said this request prompted a vigorous dispute inside the Government, with some officials arguing that the finding was unnecessary. At the same time, a number of senior Administration officials were arguing that the entire program with Iran should be called off because it was becoming an arms-for-hostages swap.

The decision was eventually reached in January of this year to continue the shipments, but to withdraw the weapons from American stocks and use the C.I.A. directly.

Beginning in 1986, the C.I.A. was actively involved in the arms shipments to Iran. It withdrew the weapons from Pentagon stocks, arranged for their delivery to Iran, and its operatives were present at each meeting between American officials and Iranians, according to Administration accounts.

Another question being closely examined by the Congressional committees is whether the agency knew, or should have known, that money was being diverted from the proceeds of the arms sales to the Nicaraguan rebels, known as contras.

Attorney General Edwin Meese 3d has said that after the Pentagon was reimbursed for the weapons, $10 million to $30 million in profits from the Iranian payments were funneled to the Nicaraguan rebels.

Investigators have been reviewing intelligence data to determine whether there was evidence that should have tipped off the C.I.A. to the diversion of funds.

### Payments Are Traced

They have also been tracing the path of the payments from Iran for the weapons. One preliminary finding, according to officials familiar with the Congressional investigation, is that some of the money went into a large C.I.A. Swiss bank account that is also used to hold $250 million in American money for the Afghan rebels and matching $250 million provided by Saudi Arabia.

But it appears thus far that the only money that went into this account was the $12 million that the C.I.A. was required to repay the Pentagon for weapons sent to Iran. If this finding is not contradicted, it would show that the agency did not use its accounts for any of the money diverted to the contras.

# A CIA loyalist who had doubts on arms transfers

By Fred Kaplan
Globe Staff

WASHINGTON – John McMahon had no intention of becoming a hero to those seeking to pry open the secrets about US arms shipments to Iran and aid to the Nicaraguan contras, observers say, but that is the image many are fastening to him.

**PROFILE IN THE NEWS**

McMahon was the senior most official of the Central Intelligence Agency who challenged the covert arms sales, and evidence indicates that he also opposed the Reagan administration's January 1984 mining of harbors in Nicaragua.

Moreover, McMahon resigned his position as deputy director of central intelligence, the No. 2 slot in the US intelligence community, in March, after the arms were flowing to Iran.

Aides on Capitol Hill cite rumors that McMahon could play the same role in the Iran-contra affair that John Dean played in Richard Nixon's Watergate downfall: the insider turned informer, spilling all, incriminating everyone.

People who know McMahon dismiss such speculation and warn against painting him as a closet critic of Reagan administration policies.

In November 1985, at the request of the National Security Council staff, McMahon approved the use of Southern Air Transport – a company once owned by the CIA – to fly what he thought was oil-drilling equipment to Israel. The director of central intelligence, William Casey, who was in China at the time, approved the transfer by cable.

Soon after, McMahon learned that the package really contained weapons and was bound for Iran in violation of a presidential embargo. McMahon told the White House that he would not allow further arms transfers unless President Reagan signed an intelligence "finding" formally authorizing such shipments.

Reagan signed the finding in January, which led to the flow of arms directly from the United States to Iran and the diversion of excess profits to Swiss bank accounts and the contras.

When Sen. Daniel Patrick Moynihan (D-N.Y.) learned of the chain of events late last month, he said: "John McMahon did exactly the right thing, and the next thing you know, he's out. Why?"

Why did McMahon do what he did?

A former high-ranking CIA official who knows McMahon said: "John is a cheerleader. Wherever he goes inside the agency – and he was in nearly every division – he becomes the spokesman and the protector of that organization. That makes him popular with the people who work under him, but sometimes it makes him unpopular with other arenas because he's seen as a protector of turf."

This tendency alone was enough to sire tensions with Casey and sometimes with the NSC staff. But there was another factor. "John's never been a particular fan of covert action," the former official said. "He's generally skeptical of what it can produce. It was his very strong view that covert actions that had not been carefully thought out were at the heart of the problems the agency went through in the 1970s," when congressional committees discovered CIA illegal activities, diminishing the image and influence of the agency.

"John's opposition wasn't moral indignation," the official said. "It was protection of the institution, of the agency."

Another former CIA official agreed: "McMahon was a guy who was comfortable with rules and procedures. And he's got really good judgment – not necessarily judgment of what's good policy, but judgment of what's going to blow up in his face and therefore what sorts of things to avoid."

McMahon took care to maintain good relations with members of the congressional intelligence committees, developing a reputation for honesty, observers said. He testified more than 30 times on contra aid, and also put the best face on the administration's poli-

**JOHN McMAHON**
**Holy Cross graduate**

cies of aiding El Salvador and halting transfers of critical technology to the Soviet Union.

Former officials say he developed particularly close contact with Sen. Barry Goldwater (R-Ariz.), chairman of the Senate Intelligence Committee. They say Goldwater's leaked and much-publicized letter to Casey in 1984 criticizing the secret mining of Nicaraguan harbors was a reflection of McMahon's views.

Continued

national law," Goldwater wrote. "It is an act of war. For the life of me, I don't see how we are going to explain it." He worried that the mining and Casey's failure to inform Congress about it ahead of time would endanger political support for additional aid to the contras. "We will not be in any position to put up much of an argument after we were not given the information we were entitled to receive," Goldwater wrote.

McMahon supported Reagan's backing of the contras. In a June 1983 speech to the Retired Officers Association, he said the Soviet Union was "trying to dominate Central America," hoping to line up El Salvador, Guatemala, Honduras, Costa Rica and Mexico the way "they gained control of South Vietnam, Laos and Cambodia and now threaten Thailand."

Still, McMahon alienated some right-wing groups by reportedly opposing some proposals to send large quantities of sophisticated weapons to Third World guerrillas. The Federation of American-Afghan Action accused McMahon of blocking arms deliveries to the anti-Soviet rebels in Afghanistan and mounted a letter-writing campaign urging Reagan to oust him from office.

resignation had no connection to this campaign. Several say the accusations were overstated. One former CIA official said, "He may have had a distaste for covert operations, but it did not compel him to reject very many."

McMahon's career in the CIA began in 1952, a year after he graduated from Holy Cross College in Worcester, Mass. He became deputy director of special operations in 1965, working on the U-2 spy plane and various reconnaissance satellites, and was advanced to director of electronic intelligence in 1971. He then became head of CIA administration and in 1978 was appointed deputy director of operations. He directed the foreign assessments branch, in charge of producing intelligence analyses, in 1981 and briefly served as the agency's executive director before becoming deputy director in 1982.

He is now employed as executive vice president of Lockheed Missiles and Space in Sunnyvale, Calif., making the spy satellites that he once supervised. He has declined all recent requests for interviews. He did testify earlier this week in a closed hearing of the Senate Intelligence Committee.

WASHINGTON TIMES
5 December 1986

# Senate panel grills Gates, goes after varied documents

By Mary Belcher
and Bill Gertz
THE WASHINGTON TIMES

CIA Deputy Director Robert Gates was questioned for more than four hours yesterday by the Senate Intelligence Committee probing the administration's arms sale to Iran, while staff members fanned out around the country to subpoena documents relating to the case.

"We have people flying around the country this morning serving subpeonas for documents," said Sen. David Durenberger, Minnesota Republican and chairman of the committee. "It is just judicious behavior on the part of the committee to nail down every document they can find, by whatever means.

"So the document search has become a very, very important part of this," Mr. Durenberger said.

At the White House, President Reagan, despite promises of full cooperation from the administration, said that Cabinet officers are free to decide whether to invoke the Constitution's Fifth Amendment protection against self-incrimination if called to testify.

"The individuals will have to make that decision for themselves," said Mr. Reagan, who defended two of his top aides who earlier this week used the Fifth Amendment and refused to answer questions before the committee. The panel yesterday ended its fourth day of inquiry into the arms sale and diversion of proceeds to the Nicaraguan resistance.

According to the White House, the two aides, Adm. John Poindexter and Lt. Col. Oliver North, were the only administration officials with knowledge of the diversion to the Nicaraguan rebels of up to $30 million in proceeds from the arms sale.

Adm. Poindexter resigned and Col. North was fired Nov. 25 after revelations of their roles in the episode that officials said was masterminded by Col. North.

"It is not new or unusual," Mr. Reagan said after Adm. Poindexter and Col. North refused to answer the committee's questions. "It's happened many times before, that when there's going to be an independent counsel starting an investigation and individuals who have no access to the files or papers or kinds of preparation for questions have done just exactly the same thing — so that they then can be witnesses for the investigation."


CIA Deputy Director Robert Gates

Because the committee is meeting behind closed doors and members are told not to reveal the nature of witnesses' testimony, it was unknown what Mr. Gates, of the CIA, told the panel yesterday.

Mr. Gates became the CIA's No. 2 official in April after former CIA Deputy Director John McMahon resigned suddenly. Mr. McMahon testified before the committee on Monday.

At hearings on Capitol Hill in April, Mr. Gates defended the administration's covert operations. When Mr. McMahon left the CIA, administration sources said, he opposed the way some covert operations were handled. He later denied the charge.

After the Intelligence Committee meeting yesterday, Mr. Durenberger refused to specify what documents the panel was seeking through subpoenas. But in Moultrie, Ga., officials at Maule Aircraft Corp. said it had received subpeonas from the U.S. attorney's office in Macon and the committee to impound records on four airplanes they sold.

One of the four airplanes reportedly was purchased by a firm run by retired Maj. Gen. Richard V. Secord, who later sold the airplane to resistance forces in Nicaragua. Sources said that Gen. Secord, a close ally of Col. North, has become a key figure in the probe.

Gen. Secord's lawyer yesterday said that he expects his client to be called before the committee to testify. He said that Gen. Secord has not received a subpoena thus far.

Mr. Durenberger, who said the committee will extend its hearings beyond next week, said lawmakers soon will decide which members of Mr. Reagan's Cabinet will be called to testify.

Those under consideration, he said, include members of the NSC, CIA Director William Casey, Secretary of State George P. Shultz and Defense Secretary Caspar Weinberger. The president or Vice President George Bush are not being considered.

Despite witnesses' use of the Fifth Amendment, Mr. Durenberger said testimony in the first week of the inquiry has provided "very candid response to the questions and a lot of helpful information," which is "opening more doors that we have to send a subpoena through in order to [compile] accurate information."

But the president's remarks on leaving the decision to testify up to his Cabinet members drew a sharp rebuke from the committee chairman. Mr. Durenberger charged that Mr. Reagan has failed to cooperate fully with the committee.

"I am just concerned about the fact that the country needs to put this behind it as soon as possible . . . whether it's by producing witnesses for the committee or releasing all the information himself," said Mr. Durenberger. "The president is in the best position to do that at this point in time."

In a related development, Col. North told reporters he would reveal all the facts about the Iran arms deals at the "appropriate time." Col. North said that he is "fully prepared to be as forthcoming as I possibly can."

• *This article is based in part on wire service reports.*